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# *Benefit Corporations*

A New Corporation  
For a New Economy

Michigan State Senate Committee on  
Reforms, Restructuring and Reinventing

October 5, 2011

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# *Background*

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## **The big trend of our time**

Conscious consumers

60 million Americans

Socially responsible investors

\$2.7 trillion dollars

Social entrepreneurs and sustainable business

50,000+ businesses

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# *The Problem*

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The system wasn't designed for this

- Unsupportive corporate law
- No standards
- Lack of capital

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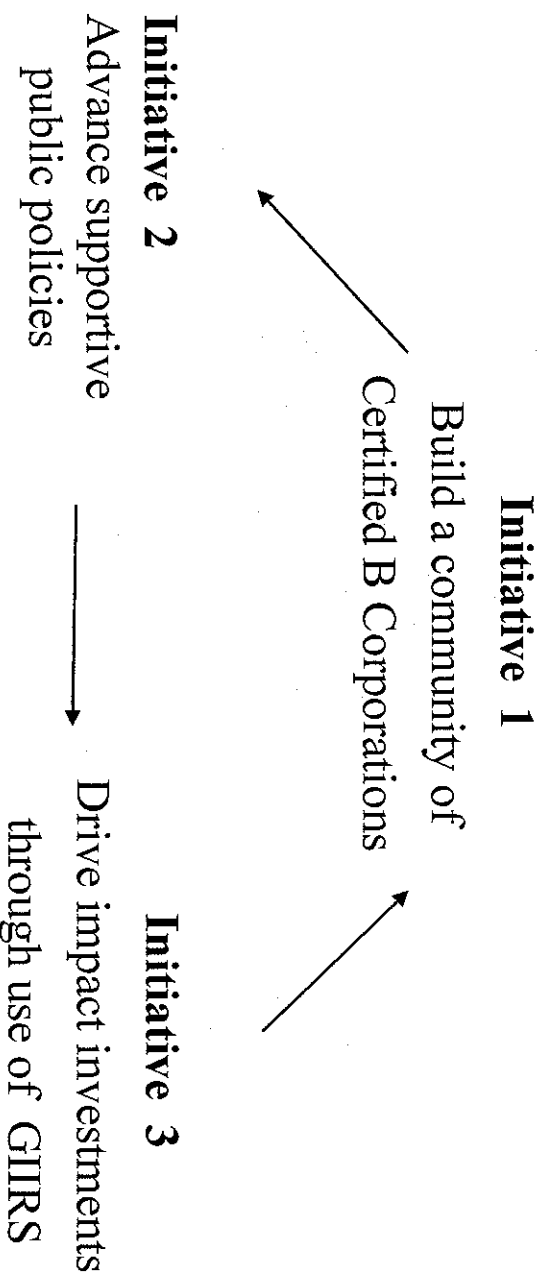
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# *Our Story*

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**B Lab is a 501(c)3 whose mission is to harness the power of business to solve social and environmental problems**



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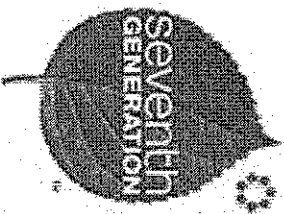
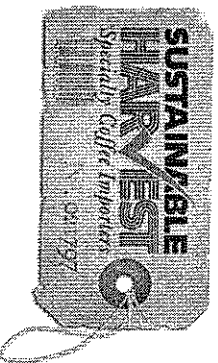
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# Some Examples of B Corps

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newresourcebank

TRILLIUM ASSET MANAGEMENT



CASCADE  
engineering



FREELANCERS  
INSURANCE COMPANY



HansonBridgett

IceStone<sup>®</sup>  
CONCRETE SURFACES MADE OF RECYCLED GLASS & CONCRETE



SOUTHERN ENERGY  
MANAGEMENT  
ENERGY EFFICIENCY & SOLAR POWER



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# Individual B Corps Getting Attention

## Inc.

» START-UP » RUNNING A BUSINESS » FINANCE » LEADERSHIP & MANAGING » SALES & M

Topics » Leadership and Managing » Leadership » Corporate Social Responsibility »

### The Case for More (Not Less) Regulation

Plastics manufacturer Fred Keller has built a thriving, profitable, and highly celebrated business by embracing—rather than resisting—regulation.

By Adam Sivertsen | From the May 2011 issue of the magazine



## Bloomberg Businessweek

America's Most Promising Social Entrepreneurs  
2010

1 of 25



By John Tiers, Vanessa Torres, and Nick LaRocca

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## *Initiative 2: Advance Public Policy*

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### **New corporate form > Benefit Corporations**

- Maryland and Vermont passed legislation in 2010
- New Jersey, Virginia, Hawaii passed in 2011
- On the Governors' Desks in NY and CA
- 5 additional states moving forward (PA, NC, CO)
- Broad bi-partisan support

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# *Benefit Corporations*

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**A new corporate entity with higher standards of corporate purpose, accountability, transparency**

- Provides legal protection to consider stakeholder interests
- Supports mission-aligned investment, growth, liquidity, and succession
- Legitimizes and accelerates growth of sustainable business

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# *Benefit Corporations: Key Provisions*

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## **Purpose**

- shall create general public benefit  
(defined as “a material positive impact on society and the environment”)

## **Accountability**

- directors and officers shall consider effect of decisions on stakeholders  
(shareholders and directors have right of action)

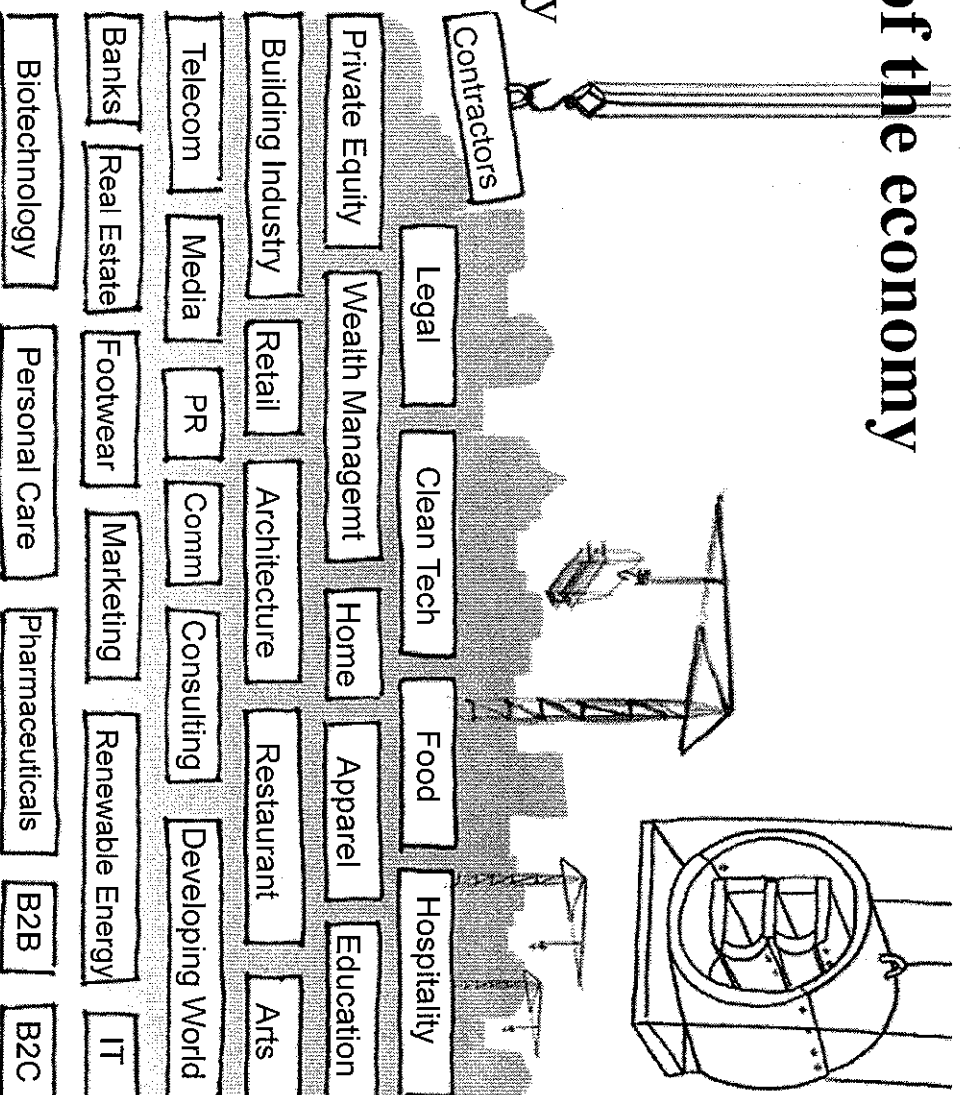
## **Transparency**

- publish annual report in accordance with a third party standard  
(defined as “comprehensive, credible, independent, transparent”)

# *Our Opportunity*

## **Build a new sector of the economy**

- Create jobs
- Restore environment
- Strengthen communities
- Create economic opportunity
- Attract companies



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**Thank you.**

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